



**Texas Water Development Board
Financial Assistance Programs**

**Conservation Planning – More Than A Drop
Waco, Texas
February 23, 2011**

Texas Water Development Board
Project Finance

Objectives

- Texas Water Development Board (TWDB) Background
- Update on TWDB Financial Assistance Programs for Water Infrastructure Projects
- List of Key Agency Contacts
- Question and Answer Session



TWDB 1957-2011

- The Legislature created the TWDB in 1957 in response to the drought of the 1950s to plan for the and provide financing for the State's future water needs.



Texas Water Development Board Mission

- To Provide:
 - Leadership
 - Planning
 - **FINANCIAL ASSISTANCE**
 - Information and Education for the conservation and responsible development of water for Texas.



Financial Assistance

- What can the Texas Water Development Board (TWDB) do?
 - Provide financial assistance for the state's water and wastewater infrastructure through a variety of loan and grant programs.



Financial Assistance

- Historically, the TWDB has committed over **\$12.4 billion** to date for water and wastewater projects in Texas.
- In fiscal year 2010, TWDB has committed over **\$1.5 billion** for water and wastewater projects in Texas.



Financial Assistance Programs for Water and Wastewater Infrastructure

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)
- Development Fund (DFund)
- Rural Water Assistance Program (RWAf)
- State Participation Program
- Economically Distressed Areas Program (EDAP)
- State Water Plan Funding



Federally Funded Programs

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)



Significant Changes to CWSRF and DWSRF Programs

- Planning, Acquisition, and Design (PAD) and Construction Funding.
- Interest Rates and Disadvantaged Communities Subsidy Levels.
- Disadvantaged Communities criteria modified for projects.



CWSRF

- Purpose:
 - The CWSRF provides low-interest rate loans and principal forgiveness for:
 - Wastewater;
 - Nonpoint source pollution control; and
 - Bays and estuary management projects.
- Eligible Borrowers:
 - Any political subdivision with the authority to own or operate a wastewater system in Texas,
 - authorized Indian tribal organizations,
 - political subdivisions or
 - private entities seeking assistance for nonpoint source pollution control or estuary management projects.



CWSRF

- Eligible Projects
 - Planning, Acquisition, Design and Construction for:
 - WWTP Expansion
 - Sludge Treatment Capacity Expansion
 - Facilities Rehabilitation
 - Collection System Rehabilitation/Overflow Control
 - Unserved Areas
 - Trunk Sewer, Diversion
 - Trunk Sewer, Developing Area
 - Reuse
 - Nonpoint Source Pollution Control/Estuary Management



CWSRF

Item	Description
Options/Rates:	All Loans = 1.3% below market rate Disadvantaged = 70% or 100% loan forgiveness
Term:	Up to 30 years; PAD up to 10 years
Origination Fee:	1.85%



CWSRF

Funding Reserve SFY 2011

Source	Percent	Amount
TOTAL FUNDS AVAILABLE		\$323.0 million
Disadvantaged *	30%	\$28.0 million
Green Project *	20%	\$18.6 million

* FY 2010 Capitalization Grant is \$93.6 million



DWSRF

- Purpose:
 - The **DWSRF** provides funding for the planning, design, and construction of water projects designed primarily to bring systems into compliance with drinking water standards.
- Eligible Borrowers:
 - Community water systems and non-profit,
 - non-community water systems,
 - as well as privately owned systems.



DWSRF

- Eligible Projects:
 - Planning, Acquisition, Design and Construction for:
 - Treatment
 - Transmission and Distribution
 - Storage
 - Purchase of Systems
 - Restructuring
 - Land Acquisition
 - Source Water Protection

Projects must be consistent with the 2007 State Water Plan.



DWSRF

Item	Description
Options/Rates:	Disadvantaged = 70% or 100% loan forgiveness All loans = 1.25% below market
Term:	Disadvantaged = 30 years Mainstream = 20 years PAD = up to 10 years
Origination Fee:	2.25%



SFY 2011 DWSRF Rates & Terms

Item	Description
Rate:	All loans 1.25% below market rate Disadvantaged Loan Forgiveness 70% or 100%
Term:	10 years - PAD 20 years - Mainstream 30 years - Disadvantaged
Origination Fee:	2.25%



CWSRF and DWSRF Intended Use Plans

- What is the Intended Use Plan (IUP)?
 - The IUP is a document that describes how the state intends to use the federal and state funds and identifies eligible projects on a Project Priority and Fundable Projects Lists. Projects on the **DWSRF** IUP are ranked by the Texas Commission on Environmental Quality.



IUP Important Dates – SFY 2012

Date	Item
November 2010-January 2011	SRF Workshops
December 2010	Solicitation Letters Mailed
March 1, 2011	Deadline for Submitting Project Information Forms
Summer 2011	Public Hearing and Comment Period
August 2011	IUP Approval by TWDB Board
September 2011	Invitation Process Begins



State Funded Programs

- Development Fund (DFund)
- Rural Water Assistance Fund (RWAFF)
- State Participation
- Economically Distressed Programs (EDAP)
- State Water Plan Funding



DFund

- Purpose:
 - Funding of planning, design, and construction of water and wastewater projects.
- Eligible Borrowers:
 - Political Subdivisions and
 - Nonprofit water supply corporations.



DFund

Item	Description
Rate:	0.35% above TWDB cost of funds; rate varies based on market conditions
Term:	20-25 years
Funds Available:	\$25 million – FY 2011



RWAF

- Purpose:
 - Funding of planning, design, and construction of water and wastewater projects on a first come-first served basis.
- Eligible Borrowers:
 - Political Subdivisions and
 - Nonprofit water supply corporations with a population no greater than 10,000 or
 - Counties in which no urban area has a population exceeding 50,000.



RWAF

Item	Description
Rate:	Approximately 0.12% above TWDB cost of funds, series specific, alternative minimum tax bonds. Current rate = 3.92%
Term:	Up to 40 years (consistent with the useful life of project). Non-profit water supply corporations are exempt from paying sales tax incurred on project.
Funds Available:	\$33 million – FY 2011



State Participation

- Purpose:
 - Funding of planning, design, and construction of water and wastewater projects.
 - Enables entities to build optimum-sized projects where the existing population cannot fully support the debt.
 - The state purchases an interest in the project, not exceed 80% in new water projects and not exceed 50% in all other water and wastewater projects.
- Eligible Borrowers:
 - Any political subdivision of the State or water supply corporations which is sponsoring construction of a regional water, or wastewater project can apply to the TWDB for participation in the project.



State Participation

Item	Description
Rate:	0.35% above TWDB cost of funds; rate varies based on market conditions.
Term:	Up to 34 years
Funds available:	\$25 million - FY 2011



State Participation Application Process

- Applications are received twice a year. First round of applications must be received by **February 1**. The second round of applications must be received by **August 1**.
- Projects are ranked (prioritized) according to Board Rules Chapter 363.1007.



EDAP

- Purpose:
 - Planning, Acquisition, Design (PAD), and Construction of water & wastewater projects.
- Eligible Borrowers:
 - Cities, districts or authorities, non-profit water supply corporations and counties that have "economically distressed areas" within their jurisdiction, or an external area to which they will extend service.



EDAP

Item	Description
Rates:	Grant for PAD = Up to 100% Grant/Loan Calculation for Construction based on what other similarly situated residents pay for comparable services.
Funds available:	\$4.2 million - FY 2011



State Water Plan Funding

- In 2007, the 80th Legislature authorized the first appropriations for financial assistance for projects related to the implementation of the 2007 State Water Plan.
- Loans for planning, design, and construction of State Water Plan projects are offered at subsidized interest rates. Grants for economically distressed areas are also available.
- During the past two legislative sessions (2007 & 2009) the Texas Legislature appropriated funds to support the issuance of \$1.2 billion in general obligation bonds to fund State Water Plan projects.



State Water Plan Funding

- Eligible Borrowers:
 - Political subdivisions including Municipalities, Counties, River Authorities, Districts, and Non-profit Water Supply Corporations.

Projects must be recommended water management strategies in the State Water Plan.



State Water Plan Funding

WIF – Low interest loans for projects in the State Water Plan.

Item	Description
Term:	20 years maximum
Rate:	2% below market rates
Amount:	\$151.7 million – FY 2011



State Water Plan Funding

WIF 10-year Deferral - Low interest loans for planning, design and permitting costs of Water Plan projects. Interest & principal payments are deferred for 10 years or until the end of construction, which ever comes first.

Item	Description
Term:	20 years maximum
Rate:	2% below market rates
Amount:	\$24.3 million – FY 2011



State Water Plan Funding

State Participation – State financing for regional construction projects with excess capacity. Principal and Interest deferrals.

Item	Description
Term:	34 years maximum
Rate:	.25% above TWDB cost of funds
Amount:	\$21.3 million – FY 2011



State Water Plan Funding

Water Plan Rural - for populations less than 5,000 and not in an Metropolitan Statistical Area (MSA).

Item	Description
Term:	20 years maximum for loan portion
Rate:	0% interest rate
Amount:	\$2.4 million – FY 2011



State Water Plan Funding

Water Plan EDAP - Grants for economically distressed areas Water Plan projects. (50% grant/ 50% loan)

Item	Description
Term:	20 years maximum for loan portion
Rate:	Grant / 0% interest rate
Amount:	\$9.7 million – FY 2011



State Water Plan Funding Application Process

- Applications are received twice a year. First round of applications must be received by **February 1**. The second round of applications must be received by **August 1**.
- Projects are ranked (prioritized) according to Board Rules Chapter 363.1208.



TWDB Key Contacts

- TWDB Web Site
 - www.twdb.state.tx.us/assistance/financial/financial_main.asp
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Questions?

